FEBRUARY 1980 SURVEY
ADVANCE REPORT

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Surveys of Consumer Attitudes

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CONSUMER SENTIMENT REBOUNDS IN EARLY 1980

* The Index of consumer Sentiment was 66.9 in the February 1980 survey, unchanged from 67.0 in January, and up 3.6 points from November 1979. Although the February 1980 figure represents a modest improvement over mid-1979, the Index remains 7.0 points below the year ago level of 73.9. The increase in the Index of Consumer Sentiment was primarily due to more favorable ratings of buying conditions for durables, and more favorable business prospects.

* Among families with incomes of $15,000 or more, the Index of Consumer Sentiment stood at 60.2, up 3.1 points from November 1979, but 10.7 Index points below February 1979. Among families with incomes of $20,000 or more, the Index was up 2.5 points from November 1979, yet 13.5 points below the February 1979 reading.

* Expected changes in short-term business conditions improved in February 1980. Twenty-one percent expected business conditions to improve, compared with 15 percent in November 1979 and 14 percent in February 1979. Fewer families expect business conditions to worsen in the year ahead--27 percent in February 1980 compared with 36 percent in November 1979. The percentage of respondents expecting higher levels of unemployment in the next 12 months fell from 61 percent in December 1979 to 46 percent in February 1980.

* Price expectations fell from the record 13.1% in January 1980 to 10.7% in February 1980. The February 1980 reading is identical to a year ago. Thirty-eight percent expected price increases of 10-15% and 12 percent expected price increases over 15%.

*Attitudes toward buying conditions for durables, automobiles, and houses improved during the past 3 months. Buying conditions for durables were rated favorably by 60 percent in February 1980 (up from 54 percent in November 1979), auto buying conditions were rated favorably by 47 percent (up from 38 percent in November), and house buying conditions were rated favorably by 36 percent (up from 28 percent from November 1979).

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The February 1980 survey indicates that the downward momentum in consumer attitudes and expectations has yielded to modest improvement. Although current business conditions continue to be rated unfavorably by the majority, expected changes in business conditions have grown more favorable during the past six-months. In early 1980, significantly fewer respondents expected increasing unemployment, despite the expected continuation of double digit inflation and interest rates. Buying attitudes, no longer dominated by buy-in-advance psychology, have posted improvements in response to price discounts.

The February survey obtained 1,019 interviews between January 28 and February 28, 1980.

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